

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8: FUND BALANCE RESERVES AND DESIGNATIONS

**Reserved Fund Balance.** The State's reserved fund balances represent those portions of the fund balances that are either (a) externally restricted for a specific use, (b) not available for appropriation or expenditure because the underlying asset is not an available financial resource for current appropriation or expenditure, or (c) for encumbrances, which represent commitments related to unperformed contracts for services and undelivered goods. There are no reserved fund balances in the Highway Trust Fund. The reserved fund balances at June 30, 2002, are (dollars in thousands):

	Governmental Funds			
	General	Highway Fund	Other Governmental Funds	Total Governmental Funds
Specific encumbrances.....	\$ 27,673	\$ 4,847	\$ —	\$ 32,520
Inventories.....	43,772	3,547	27,333	74,652
Investments.....	148	—	—	148
Wildlife endowment.....	—	—	49,306	49,306
Notes Receivable.....	2,952	—	519,732	522,684
Vacation, sick leave.....	—	41,757	—	41,757
Retirees' health premiums.....	70,797	—	—	70,797
Prepaid items.....	—	—	57	57
Continuing programs.....	54,360	—	—	54,360
Capital projects.....	—	—	50,115	50,115
Advance to component unit.....	22,081	—	—	22,081
Loan and grant commitments.....	—	1,900	339,298	341,198
Other purposes.....	5,984	1,509	59,638	67,131
Total reserved fund balance...	<u>\$ 227,767</u>	<u>\$ 53,560</u>	<u>\$ 1,045,479</u>	<u>\$ 1,326,806</u>

**Unreserved Designated Fund Balance.** The State's unreserved fund balance designations in the General Fund represent tentative plans for use in a future period. The State's internal governing body (*General Assembly*) establishes restrictions on the use of these assets which are reported as fund balance designations. Fund balance designations in the General Fund are established based on the amount of reserves available as measured on the budgetary basis of accounting and authorized carryforwards for continuing General Fund programs. These designations totaled \$546.283 million at June 30, 2002. As shown in the table below, the fund balance available to be designated was a negative \$576.318 million on a modified accrual basis at June 30, 2002 (dollars in thousands):

Unreserved Designated Fund Balance	General Fund
Higher education.....	\$ 55,059
Agriculture.....	371
Disaster relief.....	317,235
Primary and secondary education.....	37,553
Economic development programs.....	4,607
General government programs.....	28,018
Health and human services programs.....	79,743
Public safety, corrections, and regulation programs.....	23,201
Environment and natural resources.....	496
Total designations.....	<u>\$ 546,283</u>
Unreserved fund balance.....	<u>\$ (576,318)</u>